Warren and Sanders propose supply-management-based farm policies

For the first time since at least 1980, we have presidential candidates who have designed their proposed agricultural policies based on the economic characteristics of the crop sector: the low price elasticity of both supply and demand. Both Elizabeth Warren and Bernie Sanders have come out in favor of supply management policies. It is refreshing that a number of other presidential candidates have also addressed agricultural issues.

The most detailed of those policy proposals has been put forth by Elizabeth Warren (https://tinyurl.com/y5xuzaag) so we will examine her policies first. As a matter of full disclosure before we proceed: Harwood worked with the Warren campaign on their supply management proposal. In subsequent weeks we will examine at the agricultural proposals of the other presidential candidates.

Warren writes, “We need a new approach that uses taxpayer money more wisely, provides stable access to food, and accounts for the complexities of the agriculture markets. Just like workers need a living wage, farmers need a fair price—one that covers the costs they have to pay to produce their goods. We need to replace our failed system with a tried-and-true method that guarantees farmers that fair price and ends overproduction. **Building on the successful model of the New Deal, my plan calls for a new supply management program—which studies show would be billions cheaper for taxpayers than our current subsidy program yet provides farm incomes that are higher** (emphasis in the original).

Warren’s plan follows the design developed by the Agricultural Policy Analysis Center and the Texas Farmer’s Union (see agpolicy.org columns 890-898, 932, and 938). Warren’s policy sets the loan rate at the cost of production and implements a reserve that would take any grain forfeited to the CCC under the non-recourse marketing loan program. While her plan does not say it, the use of LDPs would be eliminated. This policy effectively sets a floor price on commodities at or above the full cost of production.

“In addition, to addressing overproduction, as the reserve nears its authorized level farmers will have the option of bidding acres of land currently used to produce commodities into conservation programs. USDA will offer attractive prices based on the environmental benefit that repurposing the land towards conservation programs would provide. This will provide farmers with the choice—and revenue—to diversify their farms, rather than face mounting pressure to produce more and more of the same,” Warren writes.

Her proposal “would also save taxpayers billions. Because a supply management program only pays for the amount of commodities that it takes off of the market, it would substantially reduce costs for taxpayers who, in the current subsidy approach, can end up paying for every single bushel and bale that farmers grow.”

With regard to climate change, her plan would “make it economically feasible for farmers to be part of the climate change solution by increasing CSP’s [Conservation Stewardship Program] payments for sustainable farming practices from around $1 billion today to $15 billion annually—and expanding the types of practices eligible for compensation—so that every farmer who wants to use their land to fight climate change can do so. This will put our future investment in conservation above the level we currently fund commodity programs.”

Her plan also calls for policies to level the playing field between farmers and the large agricultural conglomerates that supply their inputs and purchase their products; to build out local and regional food systems that support farmers and their communities; and to create opportunities for diverse and beginning farmers.

While not every farmer will agree with the details of Warren's plan or the ones we examine in the coming weeks, it is refreshing that the candidates are taking rural residents and their concerns seriously.

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